

MINUTES

Annual General Meeting

Saturday, April 14, 2018, 1:30 pm

The Hacienda, 2778 Vancouver Blvd, Savary Island, BC

Present: Chair Dale Gregory, Trustee Bryan Miles, Operator Courtney Robertson, Administrator Janine Reimer, SSID’s accountant Dwayne Dunn, and 15 SSID property owners.

Documents for attendees: Agenda, Draft Minutes of 2017 AGM, 2017 Financial Statements, 2018 Budget, Nitrates Table, Drinking Water Protection Bylaw no.123 draft-7, and one copy on display of the Wellhead Protection Plan.

1. Opening Remarks

Chair Gregory welcomed all present and introduced the Board, Operator, and Administrator.

2. Approval of the Agenda..... Moved Bill Duncan, 2nd Kay Lutz. Carried.

3. Approval of AGM Minutes of April 10, 2016.

.....Moved Copper Strenja, 2nd Midge Dalsin. Carried.

4. Chair’s Report..... Chair Gregory

Chair Gregory read from his report, attached. He recalled the boil water advisory, chlorination flushes, and tank repair of 2009, followed by the backup systems, the new Water Act, and water licencing requirements. He talked about the setback requirement and hydrogeology report as required by the Drinking Water Officer.

4a. Questions/Comments:

Who’s the Drinking Water Officer?

Dan Glover. There’ll be a new Drinking Water Officer in May.

Which government bodies are responsible for licences and permits?

Ministry of Forests Lands and Natural Resource Operations for the licence; Ministry of Health (Vancouver Coastal Health) for the permit.

Trustee Miles described the water licencing delays and problems.

5. Report from the Review Accountant..... Dwayne Dunn

Dwayne Dunn, SSID’s review accountant, explained the difference between a review and an audit. He explained that the trustees help create the statements. He said that Improvement Districts follow the same accounting standards as cities do. He reviewed the financial statements page by page, comparing 2016 figures to 2017 figures, explaining the reasons for the differences. He noted that SSID had deficit of \$11,829 in 2017, and that the reserve fund finished the year at just under \$150,000.

5a. Questions/Comments:

What are “Class B” taxes? Trustee Miles explained the old and new nomenclature of the 2 taxes.

Is there a maximum surplus we're working toward? Trustee Miles said no, but that we have to put money aside for replacement, which should end up being about \$1.5 million. He talked about life expectancy of infrastructure, as per industry standards, as being part of the calculations, and as an example gave the estimated fire hydrant life expectancy of 50 years for when we will need to have \$30,000 available for replacement, and added that we don't know exactly when. He said that if SSID were to borrow, it would impact water rates for servicing the debt. Chair Gregory said that SSID had been able to pay for the \$100 tank replacement in 2009 from the reserve fund.

What were the trustee expenses? Trustee Miles talked about the CWSA conference that is attended every year.

6. Budget 2018 and Five-Year Plan 2018 – 2023 Trustee Miles
 Trustee Miles reviewed the budget, and said that the 10 percent increase this year would be the same again next year and beyond. He explained that SSID has taken a look at what other water systems are doing in regard to rates, and that some are 2-1/2 times what SSID property owners pay, with an example of \$1200 per year at a mainland system vs. the \$440 paid at SSID.

Trustee Miles talked about the unexpected \$10,000 cost of the Wellhead Protection Plan in 2017, the gate valves to be fixed this coming fall, and the new generator enclosure this spring. He said that in 2019 we'd be spending another \$4000 for a chain link fence around well-2, and that in 2020 the lower tank might need some work. He said that SSID has to start replacing its water meters that have reached their 25-year life expectancy, and that we had not succeeded in getting a grant for it.

7. Operator's Report Operator Courtney Robertson
 The Operator read from her report detailing work completed since the 2017 AGM, including service and repair to hydrants and a standpipe, review of gate valve conditions, incorporation of security logs, updating to the inventory record, and the setting of a generator maintenance schedule. She said the alternating switch between pumps was now operational. She discussed the spring tank inspections and the minor paint blistering discovered in the lower tank, and the "pristine" condition of SSID water. She said a chlorination flush had been completed, and would be done each spring.

For upcoming projects, the Operator listed the repair of meter bases, gate valves, and hydrants, and research into SCADA, a remote alarm system.

Questions/Comments:

Where is Eric Ferreira? [previous Operator] Trustee Miles said that Eric Ferreira had resigned in September 2017, and that SSID is required to maintain an Operator with EOCP accreditation. Operator Courtney Robertson added that Eric is still available to work with SSID.

The Operator continued her report. She said that 5,792 cubic meters of water was pumped in 2017; the generator consumed 1,799 litres of diesel; and the peak pumping was 78.37 cubic meters in one day at a flow rate of 36.4 gallons per minute. She said water use was down from the previous year by 9 percent, and no leaks had been found.

7a. Questions/Comments:

Jorg Lutz, a previous trustee, advised that 30 gallons per minute should be the maximum flow rate, so as to prevent salinity in the water.

8. Election of Trustees

8a. The Administrator said that Dale Gregory had submitted his name for the 2018-2021 term. She asked three times if anyone else would step forward for the position. There being none, Dale Gregory was acclaimed.

8b. The Administrator said that John Revitt had submitted his name for the balance of the 2016-2019 term, and read aloud Mr Revitt’s bio. She asked three times if anyone else would step forward for the position. There being none, John Revittt was acclaimed.

9. Trustee Remuneration

Chair Gregory asked that someone make a motion that the trustee remuneration be nil again this year.
.....Moved Copper Strenja, 2nd Bill Duncan. Carried.

10. Appointment of the Review Accountant

Chair Gregory asked that someone make a motion for Del Mistro Dunn to be appointed Review Accountant for SSID in 2018.
..... Moved Rick Thaddeus, 2nd Bruce Brown. Carried.

11. Community Engagement on Drinking Water Protection Bylaw

11a. Administrator’s Report Administrator Janine Reimer
The Administrator read from her report that itemized the research and tasks she had done in preparing the draft bylaw. The report was cut short as questions were raised by those attending.

11b. Questions/Comments

If the Drinking Water Officer has the authority, not SSID, then how can SSID write the bylaw?
The Administrator said the bylaw restates the Drinking Water Officer’s authority.

Has SSID considered eletrodialysis at the source? Trustee Miles said treatment of nitrates at the source had been researched and found not to be possible. There was some discussion on this.

Are we here to discuss the bylaw or is it already decided? It was explained that SSID adoption of the 60-metre (radius) Setback Area was a requirement.

Chair Gregory announced that he would have to leave at that time. As there was no longer a quorum of trustees, the AGM was adjourned.

Adjourned 15:15 pm

[Note: Trustee Miles and the Administrator stayed on for another half-hour to discuss the bylaw with those still present.]

SSID Report of the Chair

Your long-term trustees keep hoping for a quiet year of operation of the water system for SSID!

In 2009 we had a major contamination issue and a series of boil advisories and chlorination flushes in an attempt to try and solve the problem. It was finally determined that our large storage tank was the problem. The tank was undermined by erosion, causing it to be unstable and tilting.

It was at this point that we had a technical evaluation of our whole system and it was recommended that we needed to create a full back-up system to ensure that we could provide water on a continuous basis.

We were close to the completion of that project when the new Water Sustainability Act came into effect. One of the first requirements of the Act was the obtaining of water licence to continue to operate. We are now in the second year of the process to obtain that licence.

The Drinking Water Officer for PRRD then came to us to inform us that we needed to consider expanding our setback from 30 meters to 90 meters. What a shock that was! He then suggested that we should hire a hydro-geologist to do an evaluation of our system and report back on what we should do to ensure the safety of our water from contamination.

We received the report in September of 2017 at a cost of \$10,000 and it recommended that we establish a wellhead protection zone to protect the aquifer and a setback for our wells of 60 meters. The protection zone encompasses 35 lots up the slope to the south and east of the wells. We used the report to prepare a bylaw that we are working on and will be discussing some of the issues with you later in this meeting. Third and final reading of the bylaw will take place at the summer meeting in August to establish the bylaw.

Since last year's AGM, the retirement of our long term trustee delegate Bill Taylor and other events forced us to look for a new employee to operate the SSID Water System. We were fortunate to be able to obtain the services of Courtney Robertson, a very experienced operator who also runs the Lund Water System.

Our employee situation now seems secure for the future with the new Operator in place and our Administrator well established in her position.

That concludes my report. Are there any questions?

Respectfully Submitted, Dale Gregory, Chair, SSID

SAVARY SHORES IMPROVEMENT DISTRICT

Financial Statements

Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

SAVARY SHORES IMPROVEMENT DISTRICT

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Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

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DEL MISTRO DUNN

CHARTERED PROFESSIONAL ACCOUNTANTS

A partnership of incorporated professionals

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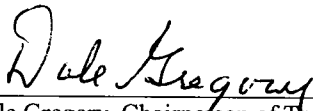
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Savary Shores Improvement District have been prepared in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external reviewed financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external accountants, Del Mistro Dunn Chartered Professional Accountants, conduct an independent review, in accordance with Canadian Standards for Review Engagements [CSRE 2400], and express their conclusion on the financial statements. The external accountants have full and free access to financial management of Savary Shores Improvement District and meet when required. The accompanying Review Engagement Report outlines their responsibilities, the scope of their review and their conclusion on the financial statements.



Mr. Dale Gregory, Chairperson of Trustees



Mr. Bryan Miles, Trustee

Savary Island, British Columbia
April 13, 2018

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Trustees of Savary Shores Improvement District

We have reviewed the statement of financial position of Savary Shores Improvement District as at December 31, 2017 and the statements of operations, changes in net financial assets, changes in accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Savary Shores Improvement District as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

Other Matter

The financial statements of Savary Shores Improvement District for the year ended December 31, 2016 were reviewed by another practitioner who expressed a unqualified conclusion on those financial statements on March 20, 2017.

Powell River, British Columbia
April 13, 2018



CHARTERED PROFESSIONAL ACCOUNTANTS

SAVARY SHORES IMPROVEMENT DISTRICT


Statement of Financial Position

December 31, 2017


(Unaudited - See Independent Practitioner's Review Engagement Report)

	2017	2016 (Restated)
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 84,097	\$ 166,322
Accounts receivable	784	1,672
Goods and services tax recoverable	1,805	445
Long term Investments <i>(Note 4)</i>	63,440	-
	<u>150,126</u>	<u>168,439</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>5,871</u>	<u>8,714</u>
NET FINANCIAL ASSETS	<u>144,255</u>	<u>159,725</u>
NON-FINANCIAL ASSETS		
Inventory	10,323	9,534
Prepaid expenses	7,203	4,351
Tangible capital assets <i>(Note 5)</i>	235,612	235,612
	<u>253,138</u>	<u>249,497</u>
ACCUMULATED SURPLUS <i>(Note 6)</i>	<u>\$ 397,393</u>	<u>\$ 409,222</u>

ON BEHALF OF THE BOARD



Trustee



Trustee

SAVARY SHORES IMPROVEMENT DISTRICT

Statement of Operations

Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2017 Budget	2017	2016
REVENUES			
Class A tax assessments	\$ 65,200	\$ 65,200	\$ 58,520
Class B tax assessments	12,720	12,720	10,600
Additional levies and charges	1,500	800	1,672
Hookup charges	-	835	835
Other income	1,150	1,122	1,161
	<u>80,570</u>	<u>80,677</u>	<u>72,788</u>
EXPENSES			
Program Expenses <i>(Schedule 1)</i>	45,220	41,202	22,527
Administration Expenses <i>(Schedule 2)</i>	35,350	51,304	33,619
	<u>80,570</u>	<u>92,506</u>	<u>56,146</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ -</u>	<u>\$ (11,829)</u>	<u>\$ 16,642</u>

The accompanying notes form an integral part of these financial statements.

SAVARY SHORES IMPROVEMENT DISTRICT

Statement of Changes in Accumulated Surplus

Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2017	2016 (Restated)
ACCUMULATED SURPLUS - BEGINNING OF YEAR		
As previously reported	410,917	389,113
Prior period adjustments	<u>(1,695)</u>	<u>3,467</u>
As restated	409,222	392,580
SURPLUS (DEFICIT) FOR THE YEAR	<u>(11,829)</u>	<u>16,642</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 397,393</u>	<u>\$ 409,222</u>

The District determined that \$5,162 of expenses related to 2016 were recorded in 2017, a 2017 expense of \$2,495 was recorded in 2016, a 2016 expense of \$2,495 was recorded in 2015, and land (lot 196) was purchased in February 1989 for \$972 and was expensed, all in error. 2016 expense accounts were understated on the Statement of Operations and their related Schedules as follows: Subcontract (Admin) \$3,288, Maintenance \$1,329, Subcontract (Program) \$305, Dues and water fees \$200, Trustee \$21, Office \$19. 2016 opening accumulated surplus was understated by \$2,495. On the Statement of Financial Position, the 2016 GST recoverable was understated by \$52, tangible capital assets were understated by \$972 and Accounts Payable and Accrued Liabilities were understated by 2,719.

The 2016 figures, shown for comparative purposes, have been restated to show the effect of recording the above entries in the correct period.

SAVARY SHORES IMPROVEMENT DISTRICT

Statement of Changes in Net Financial Assets

Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2017	2016
		(Restated)
ANNUAL SURPLUS (DEFICIT)	\$ (11,829)	\$ 16,642
Purchase of tangible capital assets	-	(8,347)
Acquisition of inventory	(1,556)	(1,437)
Consumption of inventory	766	1,000
Acquisition of prepaid expense	(9,042)	(4,351)
Use of prepaid expense	6,191	4,269
	<u>(3,641)</u>	<u>(8,866)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(15,470)	7,776
NET FINANCIAL ASSETS - BEGINNING OF YEAR	159,725	151,949
NET FINANCIAL ASSETS - END OF YEAR	\$ 144,255	\$ 159,725

The accompanying notes form an integral part of these financial statements.

SAVARY SHORES IMPROVEMENT DISTRICT

Statement of Cash Flows

Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

	2017	2016 (Restated)
OPERATING ACTIVITIES		
Surplus (deficit)	\$ (11,829)	\$ 16,642
Changes in non-cash working capital:		
Accounts receivable	888	1,945
Inventory	(789)	(437)
Accounts payable and accrued liabilities	(2,843)	4,214
Prepaid expenses	(2,852)	2,413
Goods and services tax payable	(1,360)	1,030
	<u>(6,956)</u>	<u>9,165</u>
Cash flow from operating activities	<u>(18,785)</u>	<u>25,807</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>-</u>	<u>(8,347)</u>
Cash flow from (used by) investing activity	<u>-</u>	<u>(8,347)</u>
INCREASE (DECREASE) IN CASH FLOW	(18,785)	17,460
Cash - beginning of year	<u>166,322</u>	<u>148,862</u>
CASH - END OF YEAR	<u>147,537</u>	<u>166,322</u>
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 84,097	\$ 166,322
Long term Investments	<u>63,440</u>	<u>-</u>
	<u>\$ 147,537</u>	<u>\$ 166,322</u>

The accompanying notes form an integral part of these financial statements.

SAVARY SHORES IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Review Engagement Report)

1. PURPOSE OF THE ORGANIZATION

The Savary Shores Improvement District (the 'District') is incorporated under the Local Government Act of British Columbia to administer and maintain the water distribution system for Savary Island District. No provision has been made in these financial statements for income taxes as the District is exempt from tax under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Prepaid expenses

Prepaid expenses include insurance and a software subscription and are charged to expense over the periods expected to benefit from it.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Tangible Capital Assets are not being amortized

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide service, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Funds and reserves

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis

The district recognizes revenues as follows:

- tax assessments and levies are recognized annually, at the beginning of the year to which they relate.
- interest income is recorded using the effective interest rate method.

(continues)

SAVARY SHORES IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Review Engagement Report)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Financial instruments

All financial assets and financial liabilities are measured at cost or amortized cost. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Changes are recorded prospectively in the year the new information is known. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Examples of significant estimates include:

- the allowance for inventory obsolescence;
- the recoverability of tangible assets;

3. CASH AND CASH EQUIVALENT

	2017	2016
Cash restricted for capital reserve fund	\$ 86,029	\$ 158,787
Unrestricted cash	(1,932)	7,535
	\$ 84,097	\$ 166,322

4. LONG TERM INVESTMENTS

	Purchase date	Maturity date	Interest rate %	2017	2016
Term deposit	January 23, 2017	January 23, 2022	0.85	\$ 55,440	\$ -
Term deposit	June 6, 2017	June 6, 2022	0.85	8,000	-
				\$ 63,440	\$ -

The term deposits are held for the capital reserve fund.

SAVARY SHORES IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Review Engagement Report)

5. TANGIBLE CAPITAL ASSETS

	Land	Buildings	Equipment	Water distribution Fixtures	Water distribution Pipework	Motor Vehicle	Total
Cost							
Balance Jan 1, 2017	\$ 12,439	\$ 90,555	\$ 122,857	\$ 336	\$ 3,683	\$ 5,742	\$ 235,612
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance Dec 31, 2017	\$ 12,439	\$ 90,555	\$ 122,857	\$ 336	\$ 3,683	\$ 5,742	\$ 235,612

	Land	Buildings	Equipment	Water distribution Fixtures	Water distribution Pipework	Motor Vehicle	Total
Cost							
Balance Jan 1, 2016	\$ 12,439	\$ 90,555	\$ 120,251	\$ 336	\$ 3,683	\$ -	\$ 227,264
Additions	-	-	2,606	-	-	5,742	8,348
Disposals	-	-	-	-	-	-	-
Balance Dec 31, 2016	\$ 12,439	\$ 90,555	\$ 122,857	\$ 336	\$ 3,683	\$ 5,742	\$ 235,612

6. ACCUMULATED SURPLUS

	2016 Balance (restated)	Surplus (deficit)	Transfers	2017 Balance
Capital reserve fund	\$ 158,787	\$ 682	\$ (10,000)	\$ 149,469
Operating fund	250,435	(12,511)	10,000	247,924
	\$ 409,222	\$ (11,829)	\$ -	\$ 397,393

7. CAPITAL RESERVE FUND

	2017	2016
Balance at beginning of year	\$ 158,787	\$ 138,546
Interest income	682	241
	159,469	138,787
Contribution to (from) Capital Reserve	(10,000)	20,000
Balance at end of year	\$ 149,469	\$ 158,787

8. FINANCIAL INSTRUMENTS

The district is exposed to various risks through its financial instruments. The following analysis provides information about the district's risk exposure and concentration as of December 31, 2017.

(continues)

SAVARY SHORES IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited - See Review Engagement Report)

8. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The district is exposed to credit risk from customers. The organization levies tax charges during each year of service with payment subsequent to the levy in the normal course of operations. If an owner fails to pay the taxes over two consecutive years, the organization can force the sale of the property. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the district manages exposure through its normal operating and financing activities. The district is exposed to interest rate risk primarily through its fixed rate term deposits.

SAVARY SHORES IMPROVEMENT DISTRICT

Program Expenses

(Schedule 1)

Year Ended December 31, 2017

(Unaudited - See Review Engagement Report)

The following is a summary of program expenses by object:

	2017 Budget	2017	2016 (Restated)
Dues and water fees	\$ 3,308	\$ 1,789	\$ 2,365
Subcontract	11,600	12,440	7,727
Fuel	3,000	2,242	3,830
Full spectrum & nitrates tests	250	1,366	210
System review and feasibility study	17,500	12,495	2,495
Maintenance	9,562	10,870	5,900
	<u>\$ 45,220</u>	<u>\$ 41,202</u>	<u>\$ 22,527</u>

Administration Expenses

(Schedule 2)

Year Ended December 31, 2017

(Unaudited - See Independent Practitioner's Review Engagement Report)

The following is a summary of administration expenses by object

	2017 Budget	2017	2016 (Restated)
Telephone	\$ 150	\$ 664	\$ -
Office	1,600	2,167	2,274
Professional fees	4,300	5,471	4,000
Travel	-	1,017	463
Insurance	6,000	6,141	5,833
Bank charges	200	205	202
Subcontract	22,300	34,719	20,480
Trustee expense	800	920	367
	<u>\$ 35,350</u>	<u>\$ 51,304</u>	<u>\$ 33,619</u>

The accompanying notes form an integral part of these financial statements.

SSID AGM- April 2018 Operations Report

Intro:

Hello All,

For those that don't already know me my name is Courtney Robertson and I've been with Savary Shores for approx. 1 year now as Operator. My primary duty as an operator is to ensure a safe and continuous supply of drinking water and to meet permit requirements with Vancouver Coastal Health.

General Operations and Maintenance items carried out in past year:

- Service all fire hydrants in system, with pressure testing and reports
- Repair to cedar way standpipe
- Service all gate valves in system, note seized valves and list for repair
- Incorporate security logs at pump house, generator shed and tank farm
- Complete inventory of maintenance and repair items with restocking
- Repair alternating switch for pumps at pump house. Reconfigure alternating switch to AFTER the time delay from generator
- Remote Operated Vehicle (ROV) inspection of interior of reservoir tanks, with full reports by Seavey's Environmental and Marine Services, their finding was that there is a small amount of minor blistering of paint around active pumping levels, something to keep our eyes on in the coming years. Other than that, the tanks are in pristine condition, keeping our water supply safe.
- Complete chlorination flush of system, due to occur each spring
- Set maintenance program and schedule with Mike Russell of City Motors for duty and standby generators.

Upcoming:

- Repair meter bases at lots 130 and 213, spring 2018
- Excavate and repair seized and stiff gate valves (7) Fall 2018
- Address and correct fire hydrants (3) that have drainage issues
- Continue with SCADA research (supervisory control and data acquisition) with remote security alarms

Water Consumption Report 2017:

- 5,792 Cubic Meters pumped to reservoirs
- August 8, we peaked at 78.37 Cubic meters in 24 hours, pumped at a flow rate 36.4 gpm
- Our generator consumed 1,799 litres of diesel fuel.
- Overall in 2017 we experienced 9% reduction in water use with 164 active connections. With no major leaks found. This shows our residents are being conscientious of their water use and all deserve a pat on the back, well done.

Submitted by: C. Robertson April 14 / 2018

PROPOSED PROJECT PLANNING 2018 – 2022

Project Planning 2018 \$39,500 + ARRF (asset replacement reserve fund)

- Implementation of Well Protection Plan (bylaw / signage) - 2018
Estimated cost \$4000
- Construction of new Generator enclosure - 2018 Estimated Cost
\$30,000 (including integration into system, so that we can start alternating it with the
older generator, and a supplementary fuel tank) Capital Cost – Funds from Reserve
Funds
- Purchase new Honda generator for portable power. - 2018
Estimated Cost \$2000.
- Gate Valve Refurbish / Replacement - 2018
Estimated Cost \$3500.
- Commence installing new style meters on all new installations - 2018
- Maximize Contributions to Asset Replacement Reserve Fund - 2018

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Project Planning 2019 \$10,500 + ARRF (asset replacement reserve fund)

- Review and Re Key District Security system - 2019
Estimated Cost \$1500.
- Refurbish SSID Maintenance and Storage Building interior. - 2019
 - Construct new inventory storage area for easier control of parts.
 - Refurbish tool crib area
 - Build workbench for testing and repair of equipment. **Completed.**
 - Install electric lights that can be powered by small generatorEstimated cost \$5000.00
- Install Chain Link Fence enclosure around Well #2 - 2019
 - Estimated Cost \$4000
- Further investigate and determine costs for a SCADA (supervisory control and data
acquisition) notification system for critical operations of system (Tank Levels, Well
Levels, Generator Operation, Pump Operation. 2019

- Maximize Contributions to Asset Replacement Reserve Fund - 2019

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Project Planning 2020 \$29,000 + ARRF (asset replacement reserve fund)

- Tank Inspections for status of required lining repair – 2020
Estimated cost – Minor \$3000 - Major \$10,000
- Install secondary access portal - upper tank. - 2020
Estimated cost \$5000
- Implementation of Basic SCADA System – 2020
Estimated Cost \$5000
- Commence a staged replacement plan in 2020 of 30 - 35 meters per year. Estimated Cost per meter in 2020 is \$185.00. (\$5500.00 - \$6500, plus additional parts and installation.) 4 to 5 year project \$16,000 +/- yr. - 2020
Funding would come out of the Asset Renewal Fund. Grants could accelerate this program?? Estimated Program Cost \$90,000
- Maximize Contributions to Asset Replacement Reserve Fund – 2020
- Measure impact of OCP (Official Community Plan) due for review by PRRD in 2020

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Project Planning 2021 \$17,000 + ARRF (asset replacement reserve fund)

- Continue Meter Replacement Program - \$17,000 -2021
- Assess replacement of Well #1 Pump and screen – 2021
- Maximize Contributions to Asset Replacement Reserve Fund – 2021

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Project Planning 2022 \$18,000 + ARRF (asset replacement reserve fund)

- Continue Meter Replacement Program \$18,000 – 2022
- Assess and commence Fire Hydrant replacement program - 2022
- Maximize Contributions to Asset Replacement Reserve Fund – 2022

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ADMINISTRATOR'S REPORT

AGM 2018

In November 2016, the Drinking Water Office from the BC Ministry of Health, suggested to the trustees that we get three things:

1. a well protection plan
2. a setback bylaw
- and 3. Rezoning, which would involve the Regional District

The reason the Drinking Water Officer was requesting these things is because he was concerned about the rising nitrates levels in our water. Nitrates in high amounts are a health hazard. (But we're not even close to the danger level.)

By last year's Summer General Meeting, we had started to work on getting a well protection plan. And by September, the report was complete. That report, which I hope you've all had a chance to read, recommends that there be no development within 60 meters, or 200 feet, of either well. The report also identifies the catchment area, which is the area of land where water flows toward the wells. It is in that catchment area that the report recommends restrictions on land use. And those recommendations have helped us write the bylaw.

The work leading up this bylaw is my Administrative Report today.

It includes:

- Researching well protection plans, and hydrogeologists.
- Getting information to the hydrologist during the study.
- Researching bylaws, and attending an all-day bylaw writing workshop in Victoria.
- Researching funding.
- Researching nitrates, and nitrates removal systems.
- Researching several regulations including the Sewerage System Regulation, the Groundwater Protection Regulation, the Drinking Water Protection Act, and the Health Act.
- Talking to the Drinking Water Officer, the well driller, other water systems, associations, lawyers, the Ministry of Community, Ministry of Environment, Ministry of Forests and Lands, and the Powell River Regional District.
- Getting signs made to identify the Drinking Water Protection Area.
- And updating the website on the status of this project.

In regard to the Drinking Water Officer's third note that we should pursue rezoning, this is something that will have to be addressed when Savary Island's Official Community Plan comes up for review in 2019 or later.

The bylaw we review with you today is the 7th version. It might be the final, or it might not, depending on the feedback we get from you, and from the Drinking Water Officer and other officials. We welcome your comments for discussion today.

**SAVARY SHORES IMPROVEMENT DISTRICT
BYLAW NO. 123, 2018
DRINKING WATER PROTECTION BYLAW**

A Bylaw to establish regulations to help protect drinking water quality in the Improvement District.

The Board of Trustees of Savary Shores Improvement District enacts as follows:

SECTION 1 – DEFINITIONS

In this bylaw

“Authorized Person” means a registered onsite wastewater practitioner or professional.

“Contaminant” means any substance that if introduced into the groundwater will result or is likely to result in a drinking water health hazard, and includes but is not limited to manure, fertilizers, pesticides, herbicides, liquid petroleum products, human and animal remains, garbage, heavy metals, arsenic, and radioactive materials.

“Groundwater Protection Zone” means land represented within the blue outline in Schedule A.

“Improvement District” means the Savary Shores Improvement District.

“Setback Area” means land within 60 meters of either Wellhead.

“Sewerage System” means a system for treating domestic sewage.

“Trustee” means a member of the Board of Trustees of the Improvement District.

“Wellhead” means either of the two wells at 2785 Vancouver Boulevard, Savary Island.

SECTION 2 – REGULATIONS

2.1 No person will develop or use land in contravention of the regulations in this bylaw.

2.2 No person will install or cause to be installed a sewerage system in the Setback Area or Groundwater Protection Zone except as approved by the Drinking Water Officer in advance of the installation.

2.3 No person will alter or cause to be altered a sewerage system in the Setback Area or Groundwater Protection Zone except as approved by the Drinking Water Officer in advance of the alteration.

2.4 A person must retain an Authorized Person to install and maintain, or supervise the installation and maintenance, of the person's sewerage system.

2.5 A person must not introduce, or cause or allow to be introduced, a Contaminant into the groundwater of the Setback Area or Groundwater Protection Zone.

(a) Introducing a Contaminant to the groundwater includes but is not limited to using, spilling, or burning, a Contaminant.

2.6 A person must not store a Contaminant in the Setback Area or Groundwater Protection Zone without spill containment.

2.7 A person must not keep farm animals in the Setback Area or Groundwater Protection Zone, except as approved in advance by the Drinking Water Officer.

SECTION 3 – ENFORCEMENT

3.1 The Trustees and Improvement District employees are authorized to enter on any land subject to this bylaw to ascertain whether the regulations of this bylaw are being observed.

3.2 A person who fails to comply with any act required by this bylaw is guilty of an offence under this bylaw.

3.3 A person who carries out, causes or permits to be carried out any act prohibited by this bylaw is guilty of an offence under this bylaw.

3.4 Each day that an offence exists shall constitute a separate offence.

3.5 A person who commits an offence under this bylaw is liable on summary conviction to a fine in accordance with the Offence Act.

3.6 The Trustees, by resolution and on 24 hours written notice, may instruct the Administrator to have the water turned off at the service connection that connects the Improvement District's water main to the land belonging to a person who commits an offence under this bylaw.

3.7 A person whose water has been turned off will not be entitled to receive water from the Improvement District until the Trustees instruct the Administrator to have the water turned on, and

(a) the person has paid both the shut off and reconnection charges as set by the Improvement District's Excess Water Tolls Bylaw in effect at the time of the offence.

(b) It will be unlawful for a person whose water has been turned off, pursuant to this section, to turn the water on again, or take water from the Improvement District’s water system until the Trustees instruct the Administrator to have the water turned on.

SECTION 4 – SEVERENCE

4.1 If any portion of this bylaw is held to be invalid by decision of a court or competent jurisdiction, such decision will not affect the validity of the remaining portions of this bylaw.

SECTION 5 – CITATION

5.1 This bylaw may be cited as the Drinking Water Protection Bylaw.

SECTION 6 – SCHEDULE

6.1 Schedule A – Map delineating the Setback Area and Groundwater Protection Zone.

READ A FIRST TIME on the ____ day of _____ 2018.

READ A SECOND TIME on the ____ day of _____ 2018.

READ A THIRD TIME on the 5th day of August, 2018.

ADOPTED this ____ day of _____ 2018.

Dale Gregory, Chair of the Trustees

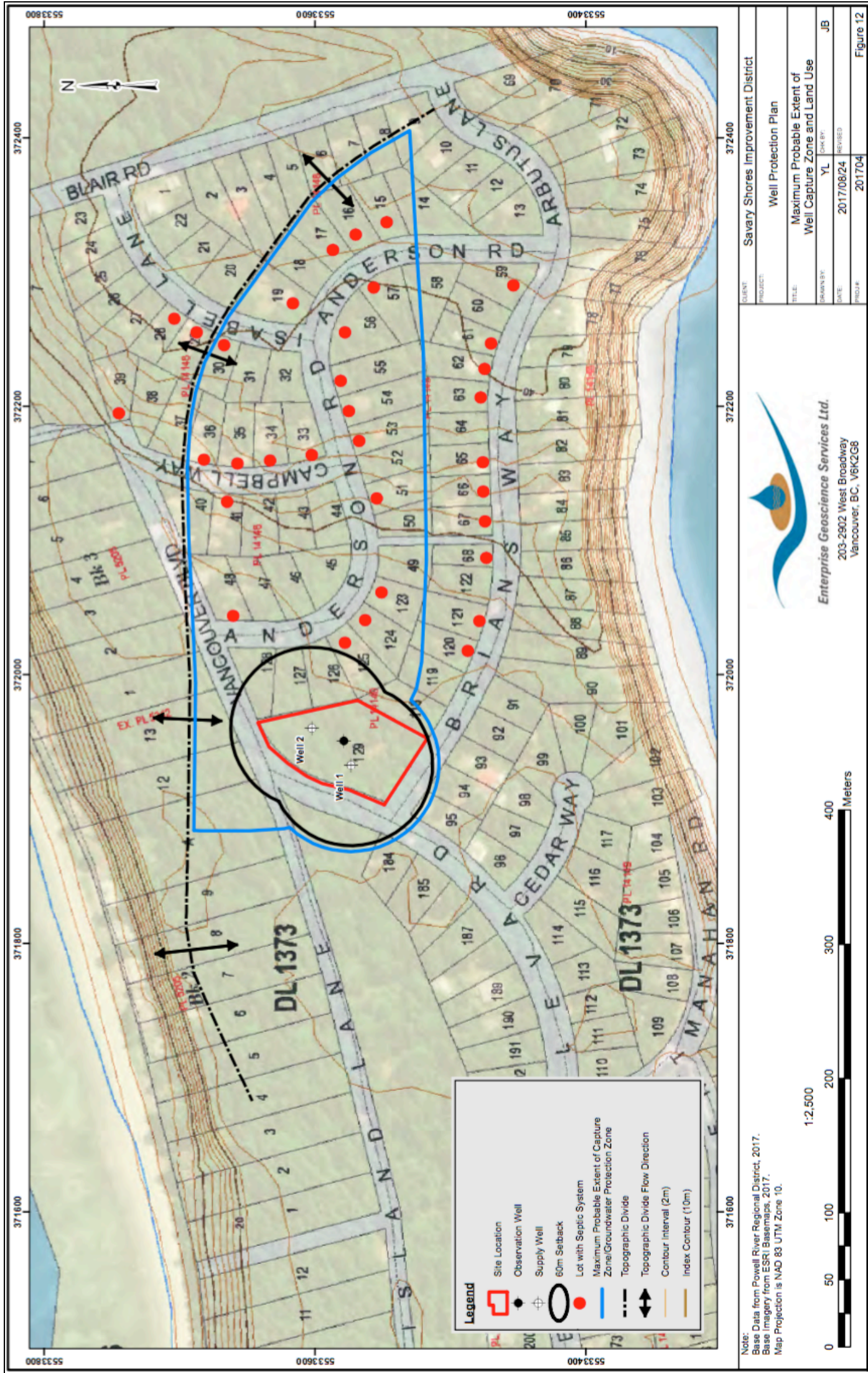
Janine Reimer, Administrator

I hereby certify that this is a true copy of the Drinking Water Protection Bylaw.

ADMINISTRATOR

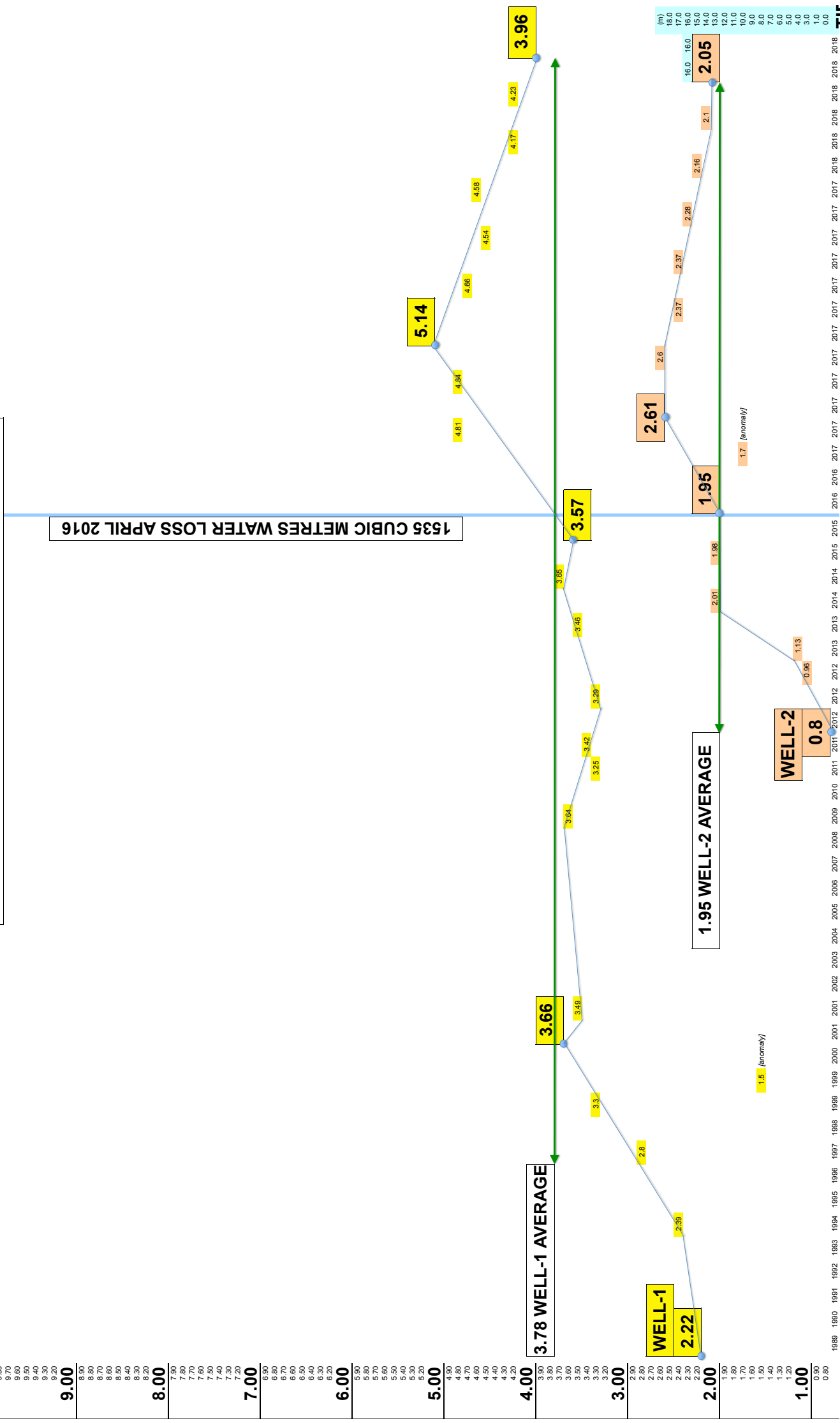
SCHEDULE A

Map delineating the **Setback Area** inside the black outline, and the **Groundwater Protection Zone** inside the blue outline



SSID — NITRATE LEVELS (mg/L) MEASURED AT WELL-1 AND WELL-2 FROM 1989 TO 2018

10.0 mg / L MAXIMUM ALLOWABLE CONCENTRATION



1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

(m)
18.0
17.0
16.0
15.0
14.0
13.0
12.0
11.0
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0